



NESEA

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Howard B. Bernstein, PhD
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MA Division of Energy Resources
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Dear Howard,

We would like to weigh in on the recent Notice of Inquiry (NOI) regarding DOER's consideration of changing the eligibility for electrical generators to participate in the Renewable Energy Credit markets created by the Massachusetts Renewable Energy Portfolio Standards legislation.

As the region's oldest advocate for real progress in the development of renewable resources, we at NESEA are very excited by the current success of the RPS in creating significant economic incentives for new clean renewable energy projects. The strong RPS and healthy REC market here in Massachusetts are the single most significant factor in the strong emerging renewables market in the Commonwealth. We believe it would be a very significant mistake to weaken those regulations and the very real economic incentives they provide to develop significant renewable energy projects here in Massachusetts.

Many renewable energy projects have finance cycles lasting twenty or more years. In the current REC market here in Massachusetts, the value of RECs is as significant as the value of the electrons in financing renewable energy projects. Changes to the rules governing the REC market this early in the life of the RPS would create significant market uncertainty, undermining the confidence of developers, investors and banks in the long term value of RECs and making it significantly more difficult for renewable energy projects to secure financing and get built. If there is any need for change it would be to make the rules more favorable for financing new clean generation solutions rather than less so.

The reason that Massachusetts may be challenged in meeting the original targets of the RPS legislation is not because those original targets were too ambitious or the requirements for participation in the REC market were too stringent. The real problem is that it is simply very difficult to develop anything new in Massachusetts, even something as positive as a solar or wind project that the vast majority of Massachusetts citizens favor. Rather than weakening the standards in the original RPS regulations, it would be productive if DOER could work toward making it more likely that we can meet the original goals of the RPS legislation. We believe that DOER can best advance the goal of increased renewable power generation by helping to streamline the regulatory processes by which new renewable energy projects get permitted and built.

Stable regulations are critical to developing strong REC markets that really encourage the financing of new clean renewable energy projects as originally intended by the legislature. To really help finance the development of all types of new renewable energy projects, it is critical that the value of RECs remain strong and more importantly, that investors and financial markets develop confidence that the

emerging REC markets are indeed a realistic and stable environment for investment. We encourage you to resist the temptation to change the RPS regulations.

If enacted, the proposed changes would allow hundreds of megawatts of existing facilities to receive RECs. In doing so, it would very significantly reduce the value of RECs in the market. Thus, this proposal is very directly in conflict with the intent of the Massachusetts legislature in creating the RPS. The proposed changes in the NOI would directly undermine the fundamental purpose of the RPS legislation and DOER's own stated policy objectives. While NESEA favors biomass as well as other renewable energy solutions, we do not favor weakening the most significant incentives available for creating strong markets for renewables.

To reiterate, **the proposed changes in RPS regulations would very significantly undermine the strongly emerging renewable energy industry in Massachusetts and significantly set back the progress we have seen in the last few years.**

Thank you for considering this feedback. And thank you for your long involvement in NESEA conferences and your clear personal commitment and that of your agency to advancing renewable energy.

Sincerely,

Nancy Hazard

Nancy Hazard,
Executive Director

Bruce Coldham

Bruce Coldham
Chairman, Board of Directors